

The problem of young people and guns has concerned me ever since I came to Washington. Last year, we finally made some progress. We enacted the Youth Handgun Safety Act as part of the crime bill which makes it a Federal crime to sell a handgun to a minor and for a minor to possess a handgun under most circumstances. Our measure had bipartisan support, from Senators CRAIG and THURMOND to former Senator Metzenbaum, from the NRA to law enforcement. It is not a total solution, but it does take a step toward stemming the violence.

Finally, we have all read reports that some House Members want to repeal the ban on assault weapons as part of a new crime bill. I believe that this would be a terrible mistake. Have we forgotten about the 1989 massacre of innocent schoolchildren in Stockton, CA, and have we forgotten about the Long Island Railroad commuters who were ruthlessly gunned down just last year?

The ban on assault weapons is supported by almost 80 percent of the American people and numerous police organizations. Law enforcement claims that these are the weapons of choice for gang members and drug kingpins and that repealing the ban would ensure that gangs outgun police officers who walk the beat. In any event, to repeal the ban would be to reopen a partisan political wound just at a time when we are trying to work together on behalf of the American people. For that reason alone, Senators DOLE and HATCH deserve credit for not including a repeal in their crime legislation.

Yes, things have certainly changed from when I was a student at Washington High School. Back then, we did not have to worry about gangs and drugs and assault weapons and broken homes. Young people were not raised in front of TV sets that bombarded them with senseless violent images. And now for many young people guns, crime, and violence are the only way that they think they can get ahead.

Mr. President, this is not the kind of a world that our children deserve, but it is one in which too many do in fact live. And so I look forward to working with my colleagues in the 104th Congress to reduce the number of guns in school and the number of young people with guns.

I thank the Chair.

BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

The PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of House Joint Resolution 1, which the clerk will report.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 1) proposing a balanced budget amendment to the Constitution of the United States.

The Senate resumed consideration of the joint resolution.

Pending;

Daschle motion to commit the resolution, with instructions to report back forthwith, with Daschle amendment No. 231, to require a budget plan before the amendment takes effect.

Dole amendment No. 232 (to instructions to commit), to establish that if Congress has not passed a balanced budget amendment to the Constitution by May 1, 1995, with 60 days thereafter, the President shall transmit to Congress a detailed plan to balance the budget by the year 2002.

Dole amendment No. 233 (to amendment No. 232), in the nature of a substitute.

Mr. HATCH. Mr. President, I would like to just continue where I was yesterday. I appreciate the comments of my dear friend from Wisconsin and the leadership he is providing on the balanced budget amendment as well.

Yesterday I brought up a Balanced Budget Act debt tracker, and you can see by this tracker that since we have been debating—we are now in our ninth day—since we have been debating the balanced budget amendment, each day the national debt has gone up \$829,440,000. That was day one. As you can see, each day that we are debating this amendment, the deficit that the American taxpayers are owing is going up by that amount. It is a steady climb. As of yesterday, we were up to \$6,635,520,000. As of today, the ninth day of our debate, we are now up to \$7,464,960,000.

The trend line is straight up and we have only debated this 9 days. The President's budget does not do anything about that. As a matter of fact, his budget is going to go on at about \$200 billion a year in deficits.

Today I added this other bar to this balanced budget amendment debt tracker. The debt, as I said, is now increased by \$7,464,960,000 in just the 9 days we have been on this balanced budget amendment. A staff member told me this morning, regarding the balanced budget, in an attempt to balance his own budget at home he spends \$50 a week for groceries. This \$7.4 billion that we have just spent in 9 days, putting us into more bankruptcy—that \$7.4 billion would buy that staff member groceries for 2,871,138 years at \$50 a week. So you can see how big this really is. If you look in the Wall Street Journal yesterday there is a very clever article related to the debt.

I ask unanimous consent it be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Feb. 6, 1995]
IF YOU BOUGHT 2 TRILLION COPIES OF THIS
PAPER * * *

(By Stephen Moore)

Today, President Clinton releases his fiscal 1996 budget. Already the Associated Press is reporting that officials claim the budget "proposes to abolish or consolidate hundreds of government programs, reducing federal spending by \$144 billion over the next five years." No doubt the president will firmly insist that this is the most tight-fisted, penny-pinching budget in 20 years.

Why is this so predictable? Because this is what every president since Richard Nixon has said. But 20 years ago the federal budget

was \$370 billion. Today, Mr. Clinton will request almost \$1.6 trillion. Even adjusting for inflation, the federal budget is twice as large as it was during the last years of the Nixon presidency. Besides, without the sleight of hand of baseline budgeting, President Clinton's new budget calls for a \$50 billion increase in spending from the current budget. And that was \$70 billion more than was spent the year before that. Yet the budget-busting news is bound to be greeted with a national yawn of unconcern.

Why is there more public outrage when we learn that Washington wastes \$100 on Al Gore's famous ashtray than that it wastes nearly \$1.6 trillion on everything else? Much of the problem seems to be that 1½ trillion is an incomprehensibly large number. So here are some simple ways to picture how enormous the U.S. government is today:

One trillion dollars—\$1,000,000,000,000.00. That's 12 zeroes to the left of the decimal point. A trillion is a million times a million. It would take more than 1½ million millionaires to have as much money as is spent each year by Congress.

One of the highest-paid workers in America today is basketball superstar Shaquille O'Neal, who reportedly earns about \$30 million a season in salary and endorsements. He is rich beyond our wildest imaginations. But he'd have to play 33,000 seasons before he earned \$1 trillion. It would take a Superdome full of Shaquille O'Neals to have enough to pay all of Congress's bills each year.

Here's an experiment. What if we were to try to pay off the \$4 trillion national debt by having Congress put one dollar every second into a special debt-buy-down account? How many years would it take to pay off the debt? One million seconds is about 12 days. One billion seconds is roughly 32 years. But one trillion seconds is almost 32,000 years. So to pay off the debt, Congress would have to put dollar bills into this account for about the next 130,000 years—roughly the amount of time that has passed since the Ice Age.

Even if we were to require Congress to put \$100 a second into this debt-buy-down account, it would still take well over 1,000 years to pay the debt down.

Try this one on for size. Imagine a train of 50-foot boxcars crammed with \$1 bills. How long would the train have to be to carry the \$1.6 trillion Congress spends each year? About \$65 million can be stuffed in a boxcar. Thus, the train would have to be about 240 miles long to carry enough dollar bills to balance the federal budget. In other words, you would need a train that stretches the entire Northeast corridor, from Washington, through Baltimore, Delaware, Philadelphia, New Jersey, and into New York City.

Former Office of Management and Budget Director Jim Miller calculates that if a military jet were flying overhead at the speed of sound and spewing out a roll of dollar bills behind it, the plane would have to fly for more than 15 years before it reeled out 1.6 trillion dollar bills.

Here's a challenging one: If you laid \$1 bills from end to end, could you make a chain that stretches to the moon with 1.6 trillion? Answer: without a sweat, with billions and billions of dollars left over. In fact, they would stretch nearly from the Earth to the sun.

The newspaper tabloids report that O.J. Simpson is paying some \$55,000 a day in legal fees. The trial would have to last 26 million days, or almost 100,000 years, before the lawyers earned \$1.6 trillion.

This year the White House want to spend three times as much as America did to win World War I, which cost roughly \$500 billion in today's dollars. Adjusted for inflation, the combined cost of defeating the Nazis and the

Japanese in World War II and winning World War I was \$4.5 trillion. This is what Washington will spend in peacetime in just the next three years to continue losing the war on poverty, drugs, illiteracy, homelessness and so on.

So far, we've just been counting the amount Washington spends each year. When state and local expenditures are included, total annual government spending now surpasses \$2.5 trillion. That's more than \$23,000 of government for every household in America. In constant dollars government spends twice as much per household as it did in 1960—though most Americans believe that government services have deteriorated since then.

With the \$2.5 trillion government spends each year, you could purchase all of the farmland in the U.S. (market value: \$725 billion), plus all of the stock of the 100 most profitable U.S. corporations today (\$1.6 trillion). You would then still have just enough money left to pay the advance on Newt Gingrich's book deal.

All of this points to one conclusion: The budget that Bill Clinton is presenting today is not lean; it is not efficient; it is not frugal. It is a monstrosity. It should be greeted with heaps of ridicule and scorn. No matter how you stack it, \$1.6 trillion is a whole lot of money—even in Washington.

Mr. HATCH. That article lists how much \$1 trillion really is.

As I look at the President's recent budget, the way deficit cuts are calculated by the administration is like a 200 pound man claiming he lost weight when he weighs in at only 300 pounds because he thought he would be 400 pounds. Only in Washington can an increase be called a cut, and that is precisely what is happening.

The Daschle motion to recommit has rightly been called the right-to-stall proposal. It purports to put off the requirement of a balanced budget until Congress actually achieves a balanced budget, by adopting such a budget plan.

Mr. President, this proposal purports to give Congress a constitutional right to stall the requirement of a balanced budget by mere failure to balance the budget. Mr. President, the very reason we need a balanced budget amendment is because Congress has failed to balance the budget for decades. The Daschle right-to-stall amendment would make that abject failure of responsibility the explicit condition of avoiding the acceptance of that responsibility. If there is a better manner to lock in business as usual, a better way to constitutionalize or borrow and spend status quo—our ever-steeper slide into the debt abyss—I admit I cannot think of it.

Think of it, Mr. President, the proponents of the right-to-stall amendment want to use Congress' historical inability to balance the budget as a reason—a constitutional reason—to deny the American people, to deny future generations, the requirement they want to force Congress to act responsibly, get its fiscal house in order, and live within its means. Talk about a recipe for inaction. The right-to-stall proponents say "if Congress cannot balance the budget, they should not have to." They say, "if Congress has been

and is unable to balance the budget in the absence of a balanced budget requirement, we should not impose a balanced budget requirement on it." Is this what the American people want? Do they want Congress' failure to fulfill its responsibility to be a reason to drop the requirement? Does this even make any sense?

Mr. President, I do not think so. If someone borrowed money from you, would you forgive the debt simply because they had not repaid it or had no plan to do so? I do not think so. If someone were dangerously overweight, would you suggest they not resolve to go on a diet because they did not yet have a full and particularized diet plan? I do not think so. When the Framers established the Congress in article I of the Constitution, did they first require that all subsequent legislation be disclosed before ratification? I do not think so.

Mr. President, the "right-to-stall" amendment confuses the difference between choosing rules and making choices within the rules. This distinction was elaborated by Prof. James M. Buchanan, a Nobel Prize-winning economist in a letter to the editor in yesterday's Wall Street Journal. I would like to quote it because I believe it points up a basic fallacy in the reasoning of the objection of the right-to-stall proponents. Professor Buchanan says:

The essential argument [of the Daschle amendment proponents] against the balanced budget amendment reflects a basic misunderstanding of the difference between a choice of rules and choices made with rules. The Clinton-Democratic argument suggests that proponents of the amendment should specify what combination of spending cuts and revenue increases are to be implemented over the seven-year transition period. This argument reflects a failure to understand what a choice of constitutional constraint is all about and conflates within-rule choices and choices of rules themselves.

Consider an analogy with an ordinary game, say poker. We choose the basic rules before we commence to play within whatever rules are chosen. Clearly, if we could foresee all of the contingencies beforehand (for example, how the cards are to fall), those of us who know in advance that we shall get bad hands would not agree to the rules in the first place. Choices of rules must be made in a setting in which we do not yet know the particulars of the within-rule choices.

Applied to the politics of taxing and spending, the constitutional amendment imposes a new rule of the game, under which the ordinary interplay of interest groups—majoritarian politics will generate certain patterns of taxing-spending results. By the very nature of what rules-choices are, outcome patterns cannot be specified in advance.

The opponents of the proposed balanced budget amendment should not be allowed to generate intellectual confusion about the difference between choices among vs. within rules. There are, of course, legitimate arguments that may be made against the amendment, but these involve concerns about the efficacy of alternative rules, including those that now exist, rather than a specific prediction of choices to be made under any rule or choices made during the transition between rules.

That was James M. Buchanan's letter to the Wall Street Journal on February 6 of this year.

Mr. President, Professor Buchanan is right. Proponents of the balanced budget amendment recommended a rule change. Opponents argue against the amendment on the basis of either possible choices under the new rule which could hurt well-organized special interest groups or the failure to specify which well-organized special interest groups will be hurt under the new rule. Either objection is, as Professor Buchanan points out, intellectually confused as an objection to the new rule. The proponents do not advocate any particular outcomes, just a new way of making those choices. That is what we proponents feel. The right-to-stall motion offered by the Democrat leader does not move the debate forward.

In fact, Mr. President, the Daschle right-to-stall amendment is nothing more than a way to stop Congress from adopting the resolve to force itself to act responsibly and balance the budget and live within its means in the future.

Now, the opponents point to President Clinton's tax plan of 1993 as the great epitome of budgetary courage we should follow. But, Mr. President, that was no plan to balance the budget. I would ask my colleagues, did the 1993 tax bill balance the budget? Does the President propose a path to a balanced budget? Just look at the President's budget released this week. It projects \$200 billion yearly budgets as far as the eye can see—and that is the best case scenario with the most optimistic assumptions. There is no budget balancing leadership here.

As a matter of fact, there are pundits now saying in the press that the reason the President has done that is because he wants the Republican Congress to have to make the cuts so that he can then criticize them for making them. I certainly hope Congress will pass a balanced budget constitutional amendment. We will have to.

Those who offer the right-to-stall proposal seek to distract us and the Nation from the clear principle of a balanced budget requirement by starting the budget battle before the rules are established. They either seek to divide the strong coalition who supports the principle by the implementing details which can and should change with the national priorities over time; or they hope to be able to say, once such a budget plan is adopted, that we no longer need the amendment. Either way this is simply a distraction tactic to stall the amendment and protect the status quo.

Mr. President, those who say we can balance the budget without the balanced budget amendment are the ones who should show us how they propose to do it. They are the ones who say, regardless of history, we can balance the budget now, without a rules change.

The President has not done it, and he is against the balanced budget amendment. And neither will those who are

against it here on the floor. But I continue to ask in vain, how do they propose to do it, Mr. President? Why should we trust they will do better under the status quo than they have for the last 26 years?

Mr. President, I ask again: What is their budget plan to reach a balanced budget? If you read this one, the administration recent budget, it just throws in the towel and says there will be \$190 billion-plus deficits every year for the next 12 years. Is this the plan that they want?

Mr. President, their plan is no plan at all. Their plan is more of the same. It is preservation of the status quo. It is the old order. We are saying it is time for a new view, a new order, where we start living within our means. The only way we are going to get there is if we change the rules of the game so that there are incentives to get there.

The beauty of this balanced budget amendment is it does not force us to get there, but it gives us the incentives to get there. That is something we need to do.

Mr. President, the administration's type of budgeting will not do. Is this their plan? Mr. President, their plan is no plan. Their plan is more of the same.

We should adopt the binding resolve to accept our responsibility, and then fulfill it. We should not avoid responsibility on the ground that we have so far failed to act responsibly. We should not be able to deny the American people and future generations the responsible rule of fiscal discipline on the grounds of our historical lack of discipline. And, Mr. President, the correct way to proceed is the way of the Dole need-to-need proposal, which suggests that if President Clinton and his allies succeed in defeating the balanced budget amendment once again, they should have to show us how to balance the budget without the amendment. And if they are going to make this argument that we ought to show them before we set the rule in place, then where are their ideas on how to do it without the rule in place?

Let us take the first step first. Let us get our house in order by adopting the balanced budget amendment.

Finally, let me go back to this chart one more time. This red line happens to be our current national debt, \$4.8 trillion. These green blocks represent how much that debt has now gone up above the \$4.8 trillion each day that this debate has been going on. We are now in our 9th day of this matter and we have gone from an \$829,440,000 increase in this \$4.8 trillion deficit on the 1st day to the 9th day, where we are at \$7,464,960,000. So every day that this debate goes on, and every day that we do not have a balanced budget amendment, we are going to continue to increase the debt.

Last but not least, with the President's budget, over the next 5 years we will have the deficit go up \$1.3 trillion more.

So you have the idea. It is time for this fiasco to end, for us to pass a rule called the balanced budget amendment that will put some mechanism in place to get us to move in the right direction so that we can save this country. We

cannot allow this country to go into a fiscal bankruptcy through monetizing the debt and paying off our debts with worthless dollars. We have to pass this balanced budget amendment now. I hope our colleagues will do it.

I notice the distinguished Senator from Vermont has been waiting. I yield the floor.

The PRESIDING OFFICER. The Senator from Vermont [Mr. LEAHY] is recognized.

Mr. LEAHY. Mr. President, the Senator from Utah, of course, was a trial attorney, as was I and the distinguished occupant of the chair. I listened to his debate. I recall some of the trials that I was in. I recall some where we were ending up having long trials on contracts. Usually, what brought us there was the fact that somebody had said at one point, "Sign this contract. You do not have to read all of the print in it. Let us hurry up and get this going because time is wasting."

Then, later on, of course, we were in a long trial trying to figure out just what somebody had signed away.

Basically, my good friend from Utah is saying that time is wasting. Sign this. He, of course, says it is a rules change. It is a lot more than that. We are amending the Constitution.

We are the most powerful nation on Earth. We are also the most powerful democracy history has ever known.

No other country has achieved, in economic or military power, the diversity the United States has. No other country has even come close to such a clear and concise Constitution as we have. We have only amended it 17 times since the Bill of Rights.

Yet, in the past few weeks, since the elections last fall, we have had 75 proposals to change the Constitution. Can you imagine, Mr. President? We were able to keep on somehow as a country for 200 years, amending the Constitution only 17 times since the Bill of Rights; but somehow America has so changed in the last 4 months since the elections in November that we have to have 75 new constitutional amendments? I really cannot accept that.

I say to my good friend from Utah that when he speaks of the amount the debt has gone up, and that if we pass this, somehow the suggestion is that it would stop—well, the balanced budget amendment, which is far more than a rules change, which does not say how we are going to get there, says that in the year 2002, whoever might still be standing will somehow come up and miraculously balance the budget. It does nothing to stop this increase in debt.

In fact, I point out that during the 1980's, incidentally, during the 6 years that the party of the chairman of the Judiciary Committee controlled the U.S. Senate, they, along with the President, nearly quadrupled the national debt, more than the debt that had been piled up over in the previous 200 years, including two world wars. During that 6 years, they were in control and quadrupled the American debt.

In fact, when you look at how much the debt is piling up today, virtually all of it is interest on the debt they

piled up during those 6 years. We spend nearly \$500 million every working day just on interest on the debt that was piled up during those halcyon days of the 1980's.

President Clinton was the first President since I have been in the Senate who actually had a budget which, 3 years in a row, has cut the deficit. President Clinton is the first President to cut the deficit for 3 years in a row since President Truman. He would actually have a balanced budget if he was not having to find money to pay for the interest on the debt run up by his two Republican predecessors. I do not say that to be partisan but simply to set the record straight.

In fact, one of the local dailies in Vermont, the Burlington Free Press, has a cartoon in today's paper. It shows a rather rotund person flying through the congressional Chambers, little wings flapping away. He is smoking a big cigar, and he has a thing on his shirt that says "Balanced Budget Amendment." And here are all these eager, young Members of Congress clapping and clapping, saying, "If you believe in fairies, keep clapping, keep clapping."

That is what the balanced budget amendment is about.

Frankly, Mr. President, I would like to know more of what we are going to do if this passes. We can look at how much debt is piling up. This debt will keep piling up to the year 2002, I am afraid, even if we pass this, unless we have the will to vote to actually cut the deficit. The only Presidential budgets that have cut the deficit have been those President Clinton has submitted in the last couple of years—with no votes on the Republican side of the aisle to actually bring down the deficit. The Republican side of the aisle voted to quadruple the debt when they were in control of the Senate and when they had the Presidency. Not one of them voted to bring it down.

We overwhelmingly passed a bill against unfunded mandates. But the balanced budget amendment may be the biggest unfunded mandate of all time. It ignores the two fundamental principles underlying the reasons we are against unfunded mandates: The Federal Government should not shift burdens onto the States without paying for them; and to protect against such shifts, we have to examine the unintended consequences of Federal actions on State and local governments.

The nonpartisan Congressional Budget Office has estimated that Congress has to achieve \$1.2 trillion in deficit reductions if we are going to balance the budget by 2002. If we are going to do that, all of us know it is going to affect local and State governments.

Unless we carefully balance the budget, the balanced budget constitutional amendment could be a disaster for the States. I do not support the balanced budget amendment, but I assume it is going to pass. I worry about what it will do in my own State. If we look at some of the ways we could have cuts, we can do across-the-board spending

cuts, for example, and that avoids having to make the choices needed to balance the budget.

But the Treasury Department looked at this, in answer to a question from Governor Dean of Vermont. They said that assuming Social Security and defense cuts were off the table—and the Republican majority said they are—then the Treasury analysis predicts cuts in Medicaid, highway grants, welfare, and other Federal grants in Vermont that would total \$200 million. If we wanted to offset these losses, Vermont would have to increase State taxes by 17 percent.

They also looked at other States. New York would lose over \$8 billion in Federal grants, resulting in a State tax increase of 17 percent to make up the difference. California would lose \$7.7 billion in Federal grants, resulting in a State tax increase of 9 percent to make up the difference. Texas would lose over \$4 billion in Federal grants, resulting in a State tax increase of 14 percent to make up the difference. Louisiana would lose \$2 billion, resulting in a State tax increase of 27 percent to make up the difference.

In another study, the Center on Budget and Policy Priorities estimates that by 2002, Vermont would have cumulative cuts in Federal aid to the State and local government of \$1 billion due to the balanced budget amendment. We are a very small State; others would lose a great deal more.

The Children's Defense Fund has estimated what the balanced budget amendment would do to children. Children do not vote, children do not have PAC funds, and children do not have political influence; but children are going to really feel it. In Vermont, 4,850 babies, preschoolers, and pregnant women would lose infant formula under the WIC program; 13,900 children would lose subsidized school lunches; 13,750 children would lose Medicaid health coverage. The other 49 States would, of course, have similar losses.

So House Joint Resolution 1, the balanced budget amendment, may become the super silent unfunded mandate. I know what is going to happen in my State. We will do everything possible in our churches, our synagogues, our private organizations, to pick up the difference, but the State will ultimately have to pick up a great deal of it. It may not pick up all of it. To do so would require 17 percent in higher taxes. I do not believe that would happen. We would find a lot of the children, pregnant women, and others left off the rolls. At the same time, Vermont taxes would go up.

Basically, it is the ultimate budget gimmick. It is the easy, feel-good budget gimmick. We do not have to make any hard choices. We can just pass this and say we did our bit, and guess what? In the year 2002, a Senate and House

full of angels will stand up here and somehow do everything that we are unwilling to do and, of course, what they will do is simply pass it on to the States and the local communities.

We have passed the buck to the States before. Federal aid to State and local governments fell sharply in the 1980's, at the same time we were quadrupling the national debt. In fact, during that time, in my State of Vermont—I suspect as in most other States—State and local taxes went up to make up the difference.

So let us talk to the States and tell them exactly what is in here. I support Senator DASCHLE's amendment. We should let the States know what the details are; and if they know what the details are, then those who do support this balanced budget amendment can work in conjunction with them to ratify this constitutional amendment.

What I am afraid of is we are going to pass this, and everybody is going to go home and say, "Look what we did," and instead of the checks in the mail to the States, the bill will be in the mail.

I would note that almost every weekend when I go home, I have a lot of people come up to me when I am pumping gas in my car, shoveling snow, in the grocery store or just walking down the street to pick up a paper, people come up to me and say they favor this amendment, but only if they know what is going to be in it. They want to know the effect of this constitutional amendment before it is passed.

And in Vermont, we are no different than the rest of the country. CNN did a poll that said 74 percent of those surveyed support the right to know. The Los Angeles Times found it was 80 percent. They surveyed the whole Nation. Eighty percent of Americans want what Senator DASCHLE is suggesting in his amendment. Let us know what is in the balanced budget amendment.

I said before that when I practiced law and a client would come in with a contract that had some big type and a whole lot of little type, I would say: You go ahead and read the big type. You do not need a lawyer for that. You need a lawyer to read the small type. That is the "gotcha" kind of type. The effect of this amendment are the small type, the "gotcha. The big type is the balanced budget amendment. We could put that on a bumper sticker. "We balanced the budget," whoop-de-do. It means that someone in the next century, the next millennium, will then stand up and make the hard choices.

But what we should do is say we are going to at least tell you what is involved in this amendment, where the cuts are, what the states are going to have to do. Then, if the Congress and the States want to amend the Constitution for the 18th time in nearly 200 years after the Bill of Rights, then go

ahead and do it. If it is that important, then do it.

But do not sell the American people on the idea that suddenly, if we just tamper with this Constitution, the real contract with America, we are going to solve all our budget problems. Do not tell the American people that after 200 years of the most powerful, diverse democracy in history, a democracy that has existed with only 17 amendments to the Constitution since the Bill of Rights, that suddenly we need these 75 amendments, including this one, to make us a real democracy.

We are the envy of the rest of the world. Every emerging democracy looks at our Constitution to see how to do it. And we should not allow that to change.

So does the debt rise each day, even as we debate? Of course, it does.

But I would point out there are a lot of people who stood on this floor during the 1980's, when the other party controlled the Senate, as they do now, and voted for one huge—one huge—deficit after another. President Reagan proposed them and then President Bush did. They quadrupled the national debt.

There are only seven of us left in this body who voted against that, and I am one of them. Ironically, had we been listened to, we would have a balanced budget today. Instead, our deficit today is about what we are paying for the interest, legally obligated interest, on that debt of the 1980's.

So next time we talk about doing this by slogans, let the reality at least come up even with the rhetoric, and the reality is a lot different than the rhetoric.

Mr. President, I yield the floor.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER (Mr. KYL). The Senator from New Jersey is recognized.

Mr. BRADLEY. Mr. President, I thank the Chair and I thank the distinguished Senator from Vermont for his statement. I also thank the manager of the bill for yielding the floor at this time.

Mr. President, I intend to take the next hour or so, maybe a bit longer, to try to lay out the case for at least letting the people know what might be entailed in a balanced budget amendment.

But let me try to put this balanced budget amendment in a broader context. We will shortly get into a lot of numbers, because if you are going to deal with the balanced budget amendment, you have to get into numbers. However, before we get into those numbers, let me try to establish what I think is the proper context for the balanced budget debate.

During the 1992 campaign, the Clinton campaign had a theme song by Fleetwood Mac, called "Don't Stop Thinking About Tomorrow." This song

represented a kind of theme for the campaign—change, hope, “don’t stop thinking about tomorrow”; tomorrow is coming, think about it, it is important.

Yet, if you actually thought about that song and you thought about what has been happening in the country, it is clear that we have not been thinking about tomorrow and we have not been thinking about tomorrow for a long time.

Every speaker needs a text, or theme, for his or her statements. I would like to take as the text for my remarks today one of Aesop’s fables. It is an old fable. All of us knew it when we were children. This is about the grasshopper and the ant. The fable goes like this:

It was wintertime. The ants’ stored grain had gotten wet and they were laying it out to dry. Along came a hungry grasshopper and asked them to give him something to eat. One of the ants said, “Why didn’t you gather food in the summer like us?” The grasshopper replied, “I didn’t have any time. I was busy making sweet music.” The ants laughed and said, “Very well, then, since you piped in the summer, now dance in the winter.”

The moral of the story: In everything, beware of negligence if you want to escape distress and danger.

Now, that is the Aesop fable. It is a pretty clear message: If you do not work in the summer and put the food away, you are not going to have the food in the winter.

And I think that it basically is saying that not thinking about tomorrow means being negligent, acting like the grasshopper instead of the ant. Too many of us, I think, have been grasshoppers for too long, not thinking about tomorrow.

Let me just give you a couple of examples. Let us just think about urban America. Each year it gets poorer, more violent, more populated with families in distress. If we stopped to think about this reality, the reality that is there, we would be compelled to act because of the morality. If you are your brother’s keeper, you have to walk your talk. Because of self-interest, I mean, we are never going to compete and our living standards will be lower with a larger and larger unskilled population on our collective backs.

And as for world leadership, how are we going to lead the world by the power of our example after the events that occurred in Los Angeles a couple years ago which popped across television screens from Tokyo to London? Or where 40 percent of the people in America who wanted to vote were denied this basic right because they were not registered.

Clearly, on this issue, Mr. President, we have not been thinking about tomorrow. If we were thinking about tomorrow, we would see the human and national tragedy that is building in our cities and we would act to change those conditions. But we have not.

Like the grasshopper, we have been playing our sweet music in the suburbs, while things have just gotten worse in the cities.

Then, Mr. President, there is the plight of our children. Not just poor children, but all children. How can we say that we are thinking about tomorrow but continue to neglect our children?

In 1975, one-third of married couples with children had both spouses working. By 1993, that percentage had doubled, as nearly two-thirds of all married couples with children had both spouses working. It is no mystery as to why that is the case. Without the second paycheck, many families just would not make it. Yet with it, their children are often alone and without supervision from an early age.

Parents in this Chamber and in this institution know the pressures. Certainly I know the pressures. Certainly the distinguished Member from Vermont in the Chair knows the pressure. Certainly the staff knows the pressure. Certainly those who are listening know the pressures. If parents are lucky, they have a loving relative living in the neighborhood who can help take care of the children. If you are upper income, you can hire somebody to provide full-time care. If you do not have a relative in the neighborhood or you do not have enough money, then it becomes a little more difficult.

There are only a few possible answers to this. For a spouse of either gender to have the option of staying at home, the salary of the spouse that continues to work outside of the home has to be a lot higher than it is now, or companies are going to have to give family leave that is measured not just in weeks but in years, or everyone will have to pay more taxes so Government can subsidize day care at the company, union, neighborhood center, the church, the synagogue or the mosque.

Those seem to me to be the options. The only given, the only imperative, is that someone has got to provide loving care for our Nation’s children. Too often, this does not happen. We have not given child care a priority. Like the grasshopper, we have been dancing toward winter. Not facing the reality that is staring everyone in the face. We have not been thinking about tomorrow.

So, Mr. President, there is urban America, the plight of our children, but by far, probably the best obvious example of our failure to think about tomorrow is the enormous debt that we have amassed over the last 12-14 years. It is not only public debt. Between 1980 and 1987 consumer credit increased 90 percent. People under economic stress did not consume less, they borrowed and consumed more. And they borrowed and in some cases to speculate. However, in 1989, 1990, 1991, the bubble burst and it was over. People cut back, businesses started to pay debt down and, gradually, the private sector began to come back.

Here in Washington the bubble has never burst. It just keeps getting bigger and bigger. The national debt went from about \$800 billion in 1980 to about \$4.5 trillion by the end of 1994. Over the next 5 years, unless we change our ways, the debt will exceed \$5.5 trillion. Over 58 percent of all personal and corporate savings go to finance the interest on this debt.

It is as though in 1980 you owed about \$10,000 on the credit card and now you owe \$43,000 and the interest you have to pay is money that you do not have to spend on your kids’ college education, to buy a house, to buy a car, to put an addition into your factory and hire more workers. People do not have the money and they cannot borrow it because it is being sucked up by the Government to pay interest on the debt.

In other words, Mr. President, we have placed the burden of our irresponsibility on the backs of our children. Someone once said democracies are pretty good dealing with today’s problems, but sometimes they are not very good thinking about tomorrow. By amassing this debt and passing this burden onto our children, I believe we have shown that we are not very good thinking about tomorrow.

So, Mr. President, this brings us to the question, “What do we actually do about this debt?” I will not talk about remedies for urban America or child care. This is a balanced budget amendment debate, a debate about Federal spending. Therefore, today I would like to focus the rest of my remarks on the Federal budget and what do we can do about this debt. I would also like to point out how facing reality means actually facing the numbers in this budget.

First, Mr. President, we will take the analogy that we often hear—that is, the family household. Every family manages its income and the Federal Government has things way out of whack. A giant deficit—that does not happen in a family, at least not for very long. However, before we begin with this analogy, we need to think about what a budget is. A budget is not a snapshot of what happened yesterday. It is a guess about what is going to happen in the future. It is not a picture of what happened last year with respect to spending or taxes, it is a guess about what will happen in the future on spending and taxes.

We will take it to the household level. You sit around the kitchen table, trying to figure out what will your budget be for the coming year. What is the first thing you do? You figure out what is your income likely to be. Some basic questions come up. Are you going to work? Am I going to work? Is he going to work? How many people in the household are going to work? How many incomes are we going to count? Do we count the husband and the wife? How about the teenage son? Is that the family income? Do we count the husband, the wife, and the wife’s older sister who is living with the family? Is

that counted as income? What is the income? That is fairly central to devising a budget. What is the income that we can count on?

Second, there is the issue of growth. Well, do you anticipate, will there be bonuses in the year? Will you work overtime? Will you get a raise? Will the company, because it is doing well, give you a 15 percent increase? All of these would provide more income. Each family has to figure these out in an effort to decide what is likely to happen. Each family also has to figure out where are prices going. What can we afford? What should we spend our income on? Last year you might have spent x on food; what will it be this year? What will the price of food be? If there is inflation, if there is a crisis in the coffee market and you have to buy coffee and it goes up three times from the cost of last year, suddenly you have to deal with inflation. It increases prices. It also has the effect of increasing taxes, often. It pushes you into a higher bracket. Less so at the Federal level, but more so at the State level.

Then there is interest. How do you calculate your interest expenditure? You could say well, I have a variable rate mortgage. I got that variable rate mortgage at 9 percent and during the last couple of years interest rates had been going down. Interest rates were down around 7 percent. However, in laying out a budget, each family has to think about how much it will pay next year. Maybe interest rates will go back up. If the Federal Reserve continues on its current path, clearly the interest rates will go back up and that means more pressure on the family budget. With a variable rate mortgage, the family will have to pay more in interest charges to pay back the bank.

So every family, Mr. President, when it makes a set of budget decisions, has to figure out what is the income coming in, and what it is going to spend money on. The income depends on how many people are working and depends on whether you think times are good or times are bad. Will you get a raise? Are interest rates going up? What is the inflation rate going to be? How much can I actually spend? How much can I actually buy? These are factors in any kind of household decision.

Mr. President, these types of factors apply equally to the Federal budget. Let us assume that you miscalculated on your variable rate mortgage and you have to pay 1 percent more in interest because the rates have gone back up. Well, if you are the Federal Government and you miscalculate your interest on your projected budget, you add \$20 billion to the deficit that year alone.

If a family is counting on the income of one of its members, that family will have a big problem if that family member loses his or her job. Similarly, in the country as a whole, if a number of people unexpectedly lose their jobs, we will have a big problem: a much bigger deficit. Just a 1-percent increase in un-

employment, adds \$60 billion to the Federal deficit.

What about growth? Let us assume that our economy grows 1 percent less than we predicted. This small change in the assumptions adds \$32 billion to the deficit. These are aspects of budget policy that change in the course of a year. If unemployment is higher, that costs the Government more. If inflation is higher, that costs the Government more. If interest rates are higher, that costs the Government more. If growth is lower, fewer people have a chance to work, less money is earned, and the Government receives less revenue and pays more in benefits. All of this adds to the deficit.

So let us begin this by simply laying these points out that when you do a budget, you are basically making a projection and the projection is affected by things that are out of your control in your household. For example, there are plenty of people in this Congress who know the Federal Reserve's efforts to raise interest rates are out of our control. These things, over time, will have an impact on your family's budget, just as they have a dramatic effect on the Federal budget.

Let us discuss for a few moments what is the Federal budget. What I want to do today is to lay out clearly what is the Federal budget. What do we spend taxpayer's money on, and where do we get these funds. Every year we debate a budget resolution, 50 hours equally divided. Our colleagues get up, read their opening statements, and a couple hours are already gone already. As a result, despite the debates, I am not sure that the American public gets an opportunity to fully understand what is in the Federal budget. If we are going to consider balancing the budget, I think the American public should know what is in the budget. They are entitled to know what things are likely to be cut or what taxes will be increased. You cannot decide what things will be cut or what taxes will be increased until you know what is in the budget and how the Government raises the money to pay for its spending.

So let us go with the basic point, a very basic point. The expenditures of the Federal Government in 1994 were roughly \$1.5 trillion. The revenue, the total of all taxes that have been collected, are \$1.3 trillion. Because the \$1.3 trillion in revenue was less than what was spent, we ended up with a deficit, an annual deficit, of \$200 billion.

It would be important to know what are the taxes? Where does the Federal Government get its \$1.3 trillion? Who pays the \$1.3 trillion? Taxes are broken down into the following categories:

The individual income tax is, in total, 43 percent of all revenues, and it raised \$545 billion in 1994. Now remember, we spent \$1.5 trillion. The individual income tax raises \$545 billion.

The next largest set of taxes is what are called social insurance taxes. Those are the Social Security taxes, the FICA

tax, and unemployment insurance collections. Of the \$460 billion that was raised with social insurance taxes, \$430 billion of that was the Social Security FICA tax. Everybody has it deducted from their wage statement each pay period. The total of that is \$430 billion. Unemployment insurance taxes made up the remaining \$30 billion.

So you have individual taxes, social insurance taxes, and corporate taxes. Corporate taxes raise \$140 billion a year. All of the corporations in America pay in total \$140 billion a year.

And then you have a category called other, which totaled \$60 billion. That consists of essentially estate taxes. You die, you pass on your estate, you pay a tax on that; customs duties, you import something into the United States, you pay a tariff or a duty. Those taxes equal \$60 billion.

And then finally, the smallest amount of total taxes are the excise taxes, like the gasoline tax and the cigarette tax, which raise approximately \$55 billion.

So in total, the U.S. Government raised \$1.3 trillion in 1994—\$545 billion come from the individual income tax; \$460 billion come from the Social Security and unemployment insurance taxes; \$140 billion from all of the corporations in America; \$60 billion come from estate and gift taxes; and \$55 billion come from the gasoline tax, cigarette tax, and other excise taxes.

So that is it, that is where the money comes from. That is the money that the Federal Government has to spend from taxpayers. Total: \$1.3 billion.

Now the question is, What do we spend this money on? Well, first, I would like to give you a quick overview, and then I will provide a more detailed explanation.

Broadly speaking, there are three big categories of Federal expenditures.

In total, the expenditures are \$1.5 trillion. One of the three main types of Government spending is on what are called mandatory expenditures. Mandatory expenditures are really expenditures for which Congress does not appropriate a specific amount of money every year. Instead, we write into the law certain eligibility rules and benefit levels. For example, if you are over 65 and have made certain minimum payments into the system, you are entitled to Social Security benefits. If you are poor, you may qualify for certain benefits to help you meet a minimum income level. Or, if you are a veteran, you may be entitled to other benefits. These are mandatory expenditures that automatically flow to eligible recipients. The total amount of mandatory expenditures is \$790 billion. In other words, nearly half of the Federal budget is for mandatory expenditures.

Next are the discretionary expenditures. These total about \$545 billion. This amount includes spending on things such as national defense, education, housing, transportation—\$545 billion. These are discretionary expenditures, meaning that Congress, if

it wants to, every year can change that amount. It does not have to appropriate that amount of money, unlike a mandatory spending which occurs almost automatically. A discretionary expenditure is the Federal Government deciding whether it wants to spend a specified amount each year on national defense or education.

The third category after mandatory and discretionary spending is interest—interest on the national debt. Last year, we paid roughly \$205 billion in interest on the national debt. As the debt has grown—especially since 1980—the more we have paid in interest, because the more you have to borrow, the more people you have to pay interest to those who have loaned you, the Government, money.

Now, an interesting caveat about interest is that when the Government collects all of those taxes, the first call on these funds, the first place that money has to be spent is not defending the Nation or feeding children or providing for education or building highways or sending money to Social Security recipients. The first place that money has to be spent is to pay those bondholders who have loaned us money. So right off the top, \$205 billion goes to people in this country—and others—who buy Government debt, people who have enough money to buy Government securities, Treasury bills, Treasury bonds, people who are not spending all of their money every year just to get by, but rather people who have enough money to buy Government bonds. The more we have to pay in interest, the more that interest flows to those bondholders.

So in terms of total expenditures, you have \$790 billion in mandatory spending, \$540 billion in discretionary spending, and \$205 billion in interest payments.

Mr. President, this is a rough overview of the Federal budget: where the revenues come from and where they go. What I would like to do on the spending side—because we are discussing a balanced budget amendment, and the American public should know how this budget is going to be balanced—is to take a closer look at Federal spending so that we can determine what Federal spending must be cut in order to balance the budget.

First, let us look again at the mandatory spending programs, again about half of all Federal spending. These funds go to eligible recipients at preset benefit levels—at a total of \$790 billion worth of benefits.

Well, what is this \$790 billion spent on? First, we need to make one distinction on the mandatory programs. Some mandatory spending programs flow to everybody who is eligible. Others flow only to those who have lower income; in other words, means tested and non-means tested. Take the biggest mandatory program, Social Security. Social Security is not means tested. Everybody in America who meets certain age and contribution requirements, gets

Social Security. If you are a millionaire and you worked 30 years and paid into Social Security, you receive these benefits, just as the guy that worked in the GM plant in Detroit or in the neighborhood drugstore who paid Social Security for 30 years. In fact, these folks all probably get the same amount. It is not a means tested program.

The next largest mandatory program, Medicare, is the same thing. If you are over 65, you are eligible for Medicare. The Federal Government will pay your health costs under the provisions and rules of the system. If you are a multi-millionaire and you check into a hospital and you stay several days and you have a hospital bill of \$10,000, send it to Medicare. It is a non-means-tested program. This means that a millionaire gets the same amount of money as somebody, a husband or wife, who worked for 30 years, gets sick, goes to the hospital, and needs that same \$10,000 treatment.

Then there are other mandatory programs. You take \$25 billion in unemployment benefits. If you are unemployed in the United States, you are eligible for unemployment compensation. We have had that in place for 50 years or more. It is one of the things we learned from the Great Depression. Because we have an automatic stabilizer, we are less likely to have as deep of a recession. We are all better off if we have an automatic stabilizer, this one being unemployment compensation, because the economy then will not go down so far. People will at least have enough money to buy some food or begin to keep themselves until they get another job.

We also spend \$70 billion automatically each year for the civilian and military pension and disability systems. Every member of the military, every member of the Federal Government who has a retirement plan pays into that plan, and that plan then pays benefits. Last year, those benefits were \$70 billion.

Then there is Medicaid. Medicaid is a means-tested program. This means that if you are dirt poor in America and you get sick and you go to the hospital, somebody is going to take care of you. And because somebody takes care of you, somebody has to pay, and the Federal Government will chip in its share if the State agrees to pick up some part of the cost as well. But it is a mandatory spending program based on income, and it accounts for roughly \$80 billion in annual spending.

Now, in this category of other mandatory spending are such things as food stamps—again, means tested. If you are poor, you are eligible for this type of assistance. This is \$25 billion.

Supplemental security income, again, goes to the poorest, overwhelmingly elderly, overwhelmingly female population, who just cannot get by without some assistance. In addition, there is child nutrition which totals about \$7 billion.

So the mandatory portion of the Federal budget is the amount of money that flows simply because of certain eligibility criteria—you are over 65 and eligible for Social Security, you are over 65 and eligible for Medicare.

Thus, \$460 billion of mandatory expenditures, nearly one-third of the whole budget, goes to people over 65 who have paid into the Social Security and Medicare systems throughout their lifetimes. You are eligible, regardless of income, if you have paid into the system. The other areas of mandatory spending are Medicaid, food stamps, supplemental security income, retirement, and unemployment benefits.

So when we talk about cutting the Federal budget and we decide that we are not going to touch any entitlements—meaning the mandatory spending—we have to realize that this leaves a much smaller portion of the budget and this remaining portion will have to cut a lot more to balance the budget. But to cut those mandatory expenditures, we would have to change the eligibility rules and we would have to change the benefit levels. We could say that you have to be poorer to get food stamps or Medicaid, or we could say that you have to pay more, if you are above a certain income level, for Medicare. But we would be changing the rules. That is the way that entitlements would be cut.

Mr. President, let us look for a moment at the next biggest chunk of Federal expenditures. First, we have mandatory expenditures. Now we have approximately \$545 billion of discretionary expenditures. This is the money that the appropriations committees appropriate every year. The tax dollars come in. The appropriations committees meet, and they decide that this program or that program merits funding. What do the appropriations committees spend \$545 billion on? Overwhelmingly, the money in discretionary programs is spent on the national defense. It is \$280 billion a year out of the total of \$545 billion which is spent on discretionary programs.

What are the other big discretionary expenditures in addition to national defense? You have \$40 billion for education, training and social services. This includes education for the handicapped—it used to be that if you had a child that was autistic, the child had no chance of getting into any school anywhere, and had no chance of going to the public school. Now because of a Federal program for handicapped education, we are able to challenge that child and develop that child's potential.

In addition, there is transportation spending, primarily for mass transit, highways, and airports. There is spending for income security which is essentially housing assistance.

There is also spending to support Government activities which cost \$30 billion. This amount is basically what it costs to run the Federal Government. Of this \$30 billion, the Congress

accounts for \$2.5 billion. The other Government activities include running the Department of the Interior, the Park System, the FBI, keeping guards in our prisons, and making sure that the IRS collects taxes. Some people do not like that. But spending for these, and other, Government activities represents what it costs to run the Federal Government, \$30 billion out of \$1.5 trillion.

In addition to all of this is foreign aid. Foreign aid—for both humanitarian and security assistance—represents \$20 billion out of \$1.5 trillion.

So discretionary spending is divided among defense, education, training, social services, transportation, income security, Government activities, foreign aid, and other domestic non-defense programs.

Mr. President, there is a point that should be made on discretionary spending. I have implied that discretionary spending is whatever the appropriations want to spend money on. That is true. Yet, since 1991 this spending has been capped. We have said by law that the Congress and the Government cannot spend above a certain amount. It has been capped. As we discussed earlier, inflation is not capped. Inflation continues to eat away at the purchasing power of American families, and it continues to eat away at the purchasing power of Government.

So when you cap spending programs, all \$545 billion in discretionary spending, that means it will buy less. Essentially the caps on discretionary spending shrink in real terms what this will buy, by about 9 percent between now and 1998.

There are no caps on mandatory spending; no caps at all. How could there be? You do not know how many people are going to be unemployed. You do not know how many people are going to be poor. You do not know how many people are going to qualify for the mandatory spending programs. However, for those things that the Congress and the Government have direct control over, there has been a cap since 1991. You can argue the caps should be lower. But there has been a cap.

With the next chart I would like to demonstrate how Federal spending has changed over the years. Back in 1963, a long time ago, discretionary spending represented 70 percent of what the Federal Government spent. Entitlements—the so-called mandatory expenditures, such as Social Security—represented 22 percent. Net interest represented 6 percent. In 1965 we added in Medicare and Medicaid, and in 1972, we indexed Social Security. In 1973, discretionary gets a little smaller, entitlements get a little bigger. In 1983, entitlements have grown to 45 percent of the budget and discretionary has dropped. But 1983 was, of course, 2 years after the Reagan defense buildup and tax cut and the start of gigantic deficits. So interest rates and the amount we spent on interest are higher.

In 1993, suddenly entitlements are up to 47 percent. Discretionary expenditures are down to 39 percent. It is projected that if current law continues, by 2003 mandatory spending—those things we talked about earlier, such as Social Security, Medicare, income security—will eat up almost 60 percent of the budget, and interest will be almost 14 percent. And all of the rest of the money that the Government spends, such as for transportation, education, and defense, will be 28 percent of the budget.

So, Mr. President, what clearly we see is that over the years those mandatory portions of spending have increased dramatically. So dramatically that, by 2003, interest payments on the debt will equal almost half of all discretionary spending.

Mr. President, I think that it is important here to talk about another kind of spending, and that is essentially what I call off-budget spending through the Tax Code. You have \$1.5 billion of Federal expenditures. We talked about that already. And we raise \$1.3 billion through all taxes. If you recall, we raise \$545 billion from the individual income tax. But, of course, the income tax does not apply to everybody in the same way. You would think that under an income tax system the same rules and rates would and apply to everybody. No, no, no, not the case.

Over the last several years, much to my own distress, we have returned to aggressive spending through the Tax Code, meaning we tell people that if they simply do this activity, they will pay less in taxes. Some of these activities that we tell people will lower their taxes have been long established in the Tax Code. If you buy a house and pay mortgage interest, that interest is deductible, so you pay less taxes because you have mortgage interest. If your employer pays health insurance premiums for you, those premiums are not included in your taxable income. If you have a pension plan that builds up, or investment income building up, you do not pay taxes on those. If you pay State and local taxes, like property taxes and State income taxes, you deduct those and you do not pay Federal taxes on them. The more taxes you pay, or the bigger your pension plan is, or the more generous your employer-paid health benefits are, or the bigger your mortgage interest is, the less you pay in taxes.

Those are some of the well-known, biggest tax expenditures. And then there are, of course, the little special ones that are not used by the vast majority of Americans. These are not in the Tax Code because of a particular public policy reason—whether flawed or not—but because a lobbyist had a way to insert into a tax bill a special exclusion for a particular category of people. For example, I do not know how many people in America know that if you rent your home for 2 weeks a year, you do not pay any income tax

on that income. That is a special exclusion. It costs \$50 million a year in foregone income. How did that happen? Well, the story goes that a guy who had a big house close to the Masters Golf Tournament also had a friend on the Finance Committee. During one of those late night sessions, the friend slipped in an amendment to a bill which said if you rent your house for 2 weeks a year, you do not pay any income tax on that income. This is not going to help me and probably will not help a lot of other people, if they are living in your house. But if you have a big house next to a big international event, you might make a little money.

How about the \$12 million a year that we use to essentially subsidize the production of some of the most toxic chemicals and minerals in the world? On the one hand, you have the Federal Government telling people to take asbestos out of the schools and workplaces. We have ads on television about lead contamination telling how it makes our children's intelligence lower than it otherwise should be. Meanwhile, you have the Tax Code telling people that if you mine asbestos or if you mine lead, you pay less tax.

Mr. President, the point is that \$545 billion is raised from personal income taxes. But that Tax Code that sets rates is riddled by exceptions to those rates. And because of all those exceptions, the people who use those exceptions end up paying less tax and the rest of us end up paying a higher rate of tax than we otherwise would have to pay. And the question is raised, since this is a balanced budget amendment debate, how much would revenues be if we did not have any of those loopholes? We have had a little debate about a flat tax led by Congressman ARMEY on the other side. If we did not have any of those loopholes, how much more money would the Federal Government raise? The answer is \$455 billion a year. In 1986, we trimmed this amount back dramatically. Since then, it has exploded. It is one of the fastest growing Government programs and accounts for \$455 billion a year in tax expenditures.

So, Mr. President, you can see if you had a deficit of \$176 billion—as is projected for 1995—if you simply trimmed a third off of the tax expenditures, you could eliminate the entire budget deficit. Earlier we talked about mandatory spending, discretionary spending, and interest on the debt. Now, we have seen that we also spend off budget through the Tax Code.

Mr. President, if I could, I think that it helps to get a picture of how these deficits have changed over time. I have interns who come into my office thinking that the deficit is a little like oxygen. They would not know how to exist if the deficit did not exist. It has been there their whole lives.

People say that the Federal Government has always run a deficit. Are politicians not always spending more money than they have? Are we not always living beyond our means as a

Government? Well, the answer to that question is absolutely not. In the 1940's and 50's, Harry Truman had a few surpluses. Dwight Eisenhower had surpluses in a couple of years. In fact, Lyndon Johnson had a surplus in 1969. As hard as that is to believe, they collected more than they spent. No depressions occurred in the late 1940's and early 1950's. No depressions occurred in the mid-1950's. In the early 1960's when we had a tremendous economic boom, the deficit was minuscule, and the debt was minuscule, and policymakers were thinking about tomorrow.

But the story changes in 1980. And we all know that story—defunded Government, dramatic tax cuts. A lot of the hotels in this town were built after 1980 because the Federal Government said in that tax bill, "If you build this hotel for \$20 million, you can write \$1.5 million off a year of income taxes." We gave depreciation in 15 years on structures that were going to last 30 and 40 years. So a lot of lobbyists decided they would become hotel investors and pay no tax.

We also were going to trade tax benefits from one corporation to another corporation. We also gave dramatic individual income tax cuts, 30 percent across the board, and defunded Government.

At the same time, we began a massive defense buildup—not to say we should not spend more on defense—but unlike Lyndon Johnson in the 1960's, Ronald Reagan in the 1980's did not finance his defense buildup. And as a result of these facts—a dramatic decrease in tax revenues, a dramatic increase in defense expenditures, and a continued growth of mandatory spending—the deficit took a dramatic turn for the worse.

In the 1940's, 1950's, and 1960's, not much of a deficit; there was even a surplus in some years. But then what happened in the 1980's? Well, you can see what happened. Here is the passage of the tax bill, around August 1981. See what happens to the deficit? It starts going up and up, and soon becomes over \$200 billion. It only took a couple of years for the national deficit to grow larger than the whole debt of the country in the previous 15 to 20 years.

The deficit then dropped a little in 1984, came back up in 1985 and 1986, and then dropped significantly for 1987 and 1988 due to cosmetic and process changes such as the Gramm-Rudman Act, which arguably kept things under control for a short while. But the deficit then exploded again after 1989, and kept rising until 1992. As a result, from 1980 to 1992, the national debt of this country grew from \$800 billion to \$4.3 trillion. Is that thinking about tomorrow? Hardly.

Since 1992, what has happened? Because of the 1993 deficit reduction package, the national deficit has dropped dramatically.

My point here is simply that these deficits have not always been a part of

our history. They are a part of bad public policy, and they have placed a gigantic burden on the backs of our children. And if we do not face up to this burden all of our tomorrows will be darker than they otherwise would have to be.

And it is also important to note that these deficit figures actually mask the seriousness of the problem. This is because we have been using the surpluses that are accumulating in our trust funds to hide the true size of the deficit in the rest of the budget. Because of changes we made to Social Security in the mid-1980's, this program now raises more funds than it pays out. Prior to 1983, Social Security was a pay-as-you-go program. Money would come in, stay a few months, and immediately be paid out to eligible recipients. But in 1983, we changed the program so that it would start accumulating surpluses, so we could supposedly guarantee that there would be enough money there for my generation when we retired. But right now we are actually spending these surpluses, by borrowing them to pay for deficits in other parts of the Federal budget. And, Mr. President, if action is not taken to stop this practice, the Federal Government will borrow an additional \$636 billion from the Social Security trust fund between 1996 and 2002. So let us be candid about that.

So, once again, Mr. President, here is the history of our national debt. The situation was pretty good during the late 1940's and 1950's, with surpluses under both Truman and Eisenhower. Under Kennedy and Johnson we had solid fiscal policy. Under Nixon, Social Security was indexed and high inflation began. This inflation accelerated throughout the decade, and was accompanied by oil shock repercussions, but the deficit still remained relatively under control, with the national debt less than \$1 trillion. But the 1980's heralded the sudden arrival of tax cuts, increased defense expenditures, and out-of-control mandatory spending, which have led to today's debt of nearly \$5 trillion.

Mr. President, that is a cautionary tale. What would the ant say to the grasshopper if at this point the grasshopper said, "Let me come in from the cold into the house that you prepared, because you were not spending beyond your means"? The ant would say, "Play your sweet music in the summer, dance in the winter. You're on your own." Unfortunately, this is the position we all find ourselves in as a result of this profligate activity.

Mr. President, how do we make this situation real to people? How do we get them to understand? It is such a complicated issue. People do not want to think it through. They want to sound bite it. They want to have a quick answer. They want to believe if they vote for the balanced budget amendment they do not have to make any of these tough choices about cutting spending.

Mr. President, that is the furthest thing from the truth.

Think of it this way: If the average taxpayer's share of Federal spending and revenues were arranged in the form of a credit card statement, it would look something like this table entitled "Uncle Sam Says Charge It."

Mr. President, the first line shows the balance due. Take the national debt, divide it by all the taxpayers in the United States, and the result is that every taxpayer in this country had a debt of \$37,838 at the start of this year. Each one of us. That is just to get to where we are right now. Each one of us has to pay that debt. And it is getting larger all the time. So the first line shows the outstanding balance. As you can see, at the start of 1994, it was \$37,838.

But what about Government spending during 1994? Well, we ran a big deficit again, about \$200 billion, in that year. How did that break down for each citizen of the United States? Well, each citizen is spending about \$4,000 per person on Social Security; about \$2,400 for national defense; about \$1,900 for income security and welfare; about \$926 for health; about \$389 for education, training, and employment programs; \$313 for agriculture and natural resources; \$320 for transportation; and \$133 for the administration of justice.

Now, that comes to a total of about \$2,273.

What about the money that we have taken in, per person? Well, average, this totaled about \$4,700 in income taxes, \$3,700 in Social Security taxes, and about \$2,484 in other forms of payments to the Government, such as customs, estate taxes, and excise taxes. This comes to a total of \$10,932 for each taxpayer. Compare this to total spending per taxpayer of \$12,700. The result is \$1,765 added to the credit card bill of every taxpayer—and remember that this is added on top of the \$37,838 that every taxpayer owes from previous years.

Now, Mr. President, what happens in this kind of situation? We cannot continue down this path. Something has to give. About 3 years ago, the distinguished chairman of the Budget Committee, the Senator from New Mexico, and I asked the General Accounting Office to tell us what would happen if we do nothing about this deficit situation. They came back with a report that said if we do nothing, every one of our income will be 40 percent less than it otherwise would be by the year 2020—40 percent less.

That is understandable, given all the money which must be sucked in from the economy just to pay interest to bondholders, in order to keep financing our \$5 trillion in national debt. None of that money is available to create jobs, pay raises, buy cars, or purchase homes.

Things have changed since that GAO report. If we recall the last graph, the deficit came down in 1993. We took action in 1993, passing the biggest deficit

reduction package in history. But there is still an awful lot to do.

So, Mr. President, having discussed what is in the federal budget, we now come to the more difficult part. We clearly need to reduce the deficit, but the question is, What are we going to do to cut spending? Let us start by asking how much spending cuts will be needed in order to balance the budget. If we do not implement the tax cuts that are included in the Contract With America, we would need to cut on average \$922 for every resident of my State. If the contract tax cuts are enacted, then this number rises to about \$1,265.

What does this mean? These are vague numbers. All the budget debates eventually turn into numbers, and people turn them off. What is the real impact of cutting \$922 or \$1,265 per person in New Jersey, and of making similar cuts in other States? What does this mean in terms of the Federal spending that we have talked about?

Given our current fiscal policies, balancing the budget would require a 13-percent cut in every spending program—13 percent. The question is, Are we willing to tolerate cuts in every one of those programs? Are we willing to take a 13-percent cut in Social Security? Are we willing to take a 13-percent cut in the national defense? Of course, we cannot take a 13-percent cut on interest. The bondholders get paid, regardless.

However, if Social Security is off the table, and everybody in this Chamber has given speeches that have resonated across America promising that there will be no cuts at all in Social Security, then the size of cuts needed in all other programs goes up to 18 percent. Take Social Security off the table, and everything else is cut 18 percent. Medicare, defense, grants to State and localities, and all other spending—18 percent.

Let us carry this a little further. I know no one in here wants to make the United States vulnerable, even in the post-cold-war world. So in addition to taking Social Security off the table let us take defense off also. And remember that interest is automatically off the table because we have to pay the bondholders. If we say that there are to be no cuts in any of these three areas, then the remaining programs are subject to across-the-board cuts of 22 percent. And if the tax cuts outlined in the Contract With America are implemented, then the level of cuts needed to balance the budget rises to 30 percent. That would be a 30 percent cut in all non-Social Security entitlements, including Medicare, and in every other existing program except Social Security and defense. That would mean a 30-percent cut in grants to state and local governments. It would require that we cut areas such as investment in infrastructure and unemployment compensation by 30 percent.

Now, Mr. President, it is not really likely we will cut 30 percent of the FBI or 30 percent of the Immigration Serv-

ice or 30 percent of the Internal Revenue Service or 30 percent of Federal prisons or 30 percent of military pensions or 30 percent of veterans programs. To be honest, we will take certain things off the table in the same way that Social Security and defense will be off the table. We will have to take these other programs off the table as well.

As a result, the cuts in the other programs are going to be even deeper. This means cuts of over 30 percent in Medicare, State and local grants, environmental programs, automatic stabilizers like unemployment compensation, and many other programs. What would cuts of at least 30 percent mean to these remaining programs? Well, in 1993, Medicare payments to doctors were approximately 40 percent less than private-sector payments. Imagine cutting them by at least another 30 percent. And cutting back on many of the other programs would be penny-wise and pound-foolish. We could cut back on programs for early childhood but end up paying more later for prisons.

Mr. President, going to this next table, what if we decided to cut grants to State and local governments? We give them \$200 billion a year. The Federal Government gives it right to the States, many of whom are advocating the balanced budget amendment. Well, going after those grants for States, what are they for? Highways, airports, and other forms of transportation spending total 11 percent, or over \$20 billion in Federal spending. Then take education, training, employment and social services, such as the handicapped education program, special education, foster care. These total about \$25 billion in Federal spending, or 16 percent of grants to State and local governments. Cut it. What about income security, welfare, section 8, school breakfast, WIC, nutrition, and related programs—these total 24 percent. Cut it. Medicaid is 40 percent. Cut it.

So say that we cut all these programs that go to States, and in doing this we balance the budget. Then the State has to make the decision: Does it increase taxes, or does it forget about the education programs, the health programs, the housing programs?

So, Mr. President, what would significant cuts to States and localities look like? As I said, grants to States and local governments totaled \$200 billion in 1994. In New Jersey, we received about \$6 billion in Federal grants. This money funded a significant number of programs. Roughly 40 percent of the Federal funds went to health, 16 percent to education, 24 percent to welfare, and 11 percent to fund transportation.

On average—this is an important point—on average, Federal grants to support programs administered by States comprise 25 percent of all State revenues—25 percent. Remove those.

This is money that Governors have to spend—States get more money from the Federal Government than they raise with the personal income tax, more money than they raise with the general sales tax, more money than they raise with any other kind of taxes. If the Federal Government eliminated this 25-percent contribution, it would either lead to a dramatic increase in State or local taxes or else essentially eliminate many of these programs.

I think people have not really focused on what the impact of this will be. I know that people in this body have not focused on impact, but I guarantee you the State legislatures will. In my State of New Jersey, only about 20 percent of our State budget comes from the Federal Government. We have a diverse State, with a broadly based economy and rapid growth. New Jersey is quick to rebound from recessions, heavily export oriented, dramatically changed from manufacturing to services, and it has a very flexible work force with very talented people. The Federal Government gives us 20 percent of our State revenues.

This percentage is a little different in other places: in Arizona, it is 30 percent; in Michigan, 30 percent; in California, 34 percent; and in Idaho, 32 percent. This raises a very interesting question. Your people send tax dollars to Washington. They get dollars back from Washington, in terms of Federal expenditures.

My State has the second-highest income in the country. We pay a lot of taxes, because a lot of people with high income pay taxes. We do not have a lot of big defense expenditures in the State. We do not get back much relative to what we give the Federal Government, but a lot of other States do pretty well. For every dollar that New Mexico sends to Washington it gets back \$1.96; Mississippi gets back \$1.63; West Virginia gets back \$1.45; North Dakota, \$1.41; Virginia, \$1.38. What do these figures mean? They mean that more Federal dollars are being spent in these States than are being sent to Washington from those States.

So here we have the West, the site of some of the strongest supporters of the balanced budget amendment. In the West, the Federal Government still plays as big a role as the Governor plays; for example, in Arizona, 30 percent of State revenues come from the Federal budget; the percentage is 32 percent in Idaho; 34 percent in California. Some of these States are owned by the Federal Government. Ninety percent of the land in Nevada is owned by the Federal Government; 1 percent of the land in New York is owned by the Federal Government. I think 9 percent of the land in Michigan is owned by the Federal Government; 90 percent of the land in Nevada is owned by the Federal Government.

So the point, Mr. President, is that if we are going to cut spending and we are going to do it across the board 30

percent, then those States that are getting more money back from the Federal Government than they are contributing are going to be disproportionately cut. It is not only going to be poor people who are going to be affected. So you might want to look at some of the other ways to raise revenue.

For example, right now we have public lands all over the West. Let us say I want to mine gold. Well, I pay about \$500 to \$1,000 max. I go in and mine the gold, and I do not pay the Government anything. I do not owe the Government anything. If we are asking individuals to pay more in taxes or we are cutting money to help them send their kids to college, do you think we might want to ask some of the mining companies to pay more if they mine minerals on public lands?

So the advocates of the balanced budget amendment have to understand the disproportionate impact that these cuts or additional revenue increases will have on their respective States.

So, Mr. President, I think that the analysis makes two points very clear, and they are that we have to balance the budget for the sake of our children's long-term economic prospects and that doing so is inevitably going to be very painful. What looks like a cheap move or an easy move here—cutting back that State and local Government transfer—will translate into, in some cases, higher taxes in many States.

Finally, as much as it is necessary to reduce the deficit—and it will be a bitter pill for the country—I think that it is absolutely essential that we do so. Trying to rush a balanced budget amendment through the Congress without a thorough discussion of how the budget will be balanced is, in my view, unfair and undemocratic.

So a lot of those Western States are probably going to have second thoughts when they look at the numbers. Alabama, with about \$2.38 on every dollar, is going to look at it and have a second thought. The amendment will have dramatic effects on the lives of American citizens and every one of these citizens has a right to know what these effects will be before their elected representatives are asked to vote on this issue.

Mr. President, I have heard an awful lot of people saying, particularly States: Oh, you ought to balance your Federal budget; we want the balanced budget Federal amendment.

And yet, Mr. President, Governors do not have to balance their budgets in the way we have to balance our budget here in Washington. Governors have the right to, and in many cases do, have capital budgets, which means that instead of raising taxes and spending money, they simply borrow from these bondholders that we are borrowing from to create a Federal deficit, except when they borrow, it does not count in their State because they have a capital budget. I do not know about all States,

but if you look in total, public indebtedness has dramatically increased at the State level.

So, increasingly, what the State governments are doing is the same thing the Federal Government did in the 1980's except they do not need a balanced budget amendment because they have simply defined the problem away. What if we had the same capital budget at the Federal level that exists in most States, mine included? Do you know what portion of the Federal budget would be included as a capital budget? And that includes all physical infrastructure, defense and non-defense, and all education programs. Do you know what that would be? \$225 billion. If we simply defined our Federal budget as most States do, in one stroke of the pen we would have no Federal deficit this year. We would have a \$25 billion surplus.

So when Governors tell me that they want to have a balanced budget amendment, I say to them: Give me the same capital budget. Give me the same capital budget you have, and we will have a surplus.

So, Mr. President, I think before we get a vote on the balanced budget amendment, we ought to have the specifics. I have spent almost 2 hours here today laying out what this budget is. The proponents of the amendment have not stepped forward and told us what they are going to cut. Which of the mandatory programs are they going to cut? Which of the discretionary programs are they going to cut?

I have a suspicion that there might be another game going on here. I do not mean to cast aspersions on anyone, and I do not. But my guess is that the other side will not take my suggestion of defining the problem away with a capital budget. A capital budget would make a lot of sense. It would be like State governments. I mean it would be like most businesses that have a capital budget. It would be like most families. You have mortgage interest. You have a mortgage on your house. You are in debt. But you can make your debt payments. You do not have to pay the whole thing immediately. Everybody in America has debt. The question is how you manage the debt and, most importantly, how you structure the debt.

Let us make a reform: a capital budget. Then we have a surplus. Then we have a surplus. That is a change that I could certainly support.

I am concerned there is going to be another approach, though. I already see it rumbling out there. And that is going to be to redefine CPI, saying that the deficit is not as big as you think it is because we have exaggerated inflation. Inflation is really lower, and if you calculate it in this different way, we will save \$150 billion over 5 years just like that, so the deficit is much less.

Well, to those who are contemplating this, I would simply say beware, because—I am almost inviting the people

to do this—the result is you pay about \$21 billion in higher taxes every year if you do that. Why? You pay \$21 billion in higher taxes because we have indexed the rates. But if you understate what inflation is, then people are going to be pushed into higher rates and pay more taxes. And about \$28 billion less, in terms of less benefits, will go out because the CPI is calculated at a lower level. That is my fear.

If you really wanted to come out of this with significant reform that would be right to every legislator, it would be to implement a capital budget, take Social Security out and focus on the operating expenditures.

My hope is that, before this is over, at least we will have a chance to think about that. If we are serious about cutting the budget, at the minimum why not do it on a basis of some principle as opposed to lobbyists mud wrestling? Why not say, look, here is the deficit. We looked at this gigantic budget deficit we have. We have to do something about it. We are tired of being grasshoppers. We want to start to be the ant. We want to start to think of our future. We want to start thinking of tomorrow.

What we are going to do, maybe what we will say is, "What principle could we use?" Well, we have a principle for liberals and a principle for conservatives. If we join the two principles, we might actually have a way to proceed here. The principle for liberals would be, I would say, well, why not make income a principle? You get a Federal benefit up to a certain income level. Above that level you get less or you get none. Why should the millionaire who goes to the hospital get the same payment from Medicare as my struggling uncle who went to work every day in the lead factory for 40 years? Why should that happen? Why should a wealthy farmer who makes \$3 million a year get the same farm subsidy or the same water subsidy that a struggling family farmer with 600 or less acres such as in the great State of Iowa or even the cotton farmers in Arizona gets? Why should it be the same for the millionaire as for the average person? Well, that is one principle. Maybe make income a criterion.

The other principle, for my conservative friends, would be to ask: How about the market? Everybody talks about the market. Yes, we want the market to allocate resources. Well, great, get the Government away from the market. Let the market allocate the resources. Cut the budget by eliminating all these subsidies that impede the function of the market.

If we join those two, having a principle of income and a principle of no subsidies, then you would have a way to proceed and explain to people why we are cutting this and not that. Otherwise, it is going to be that the agriculture people are stronger than the mass transit people, who each have their lobbyists trying to figure what

levels of subsidies are there going to be.

So, Mr. President, as I tried to demonstrate today in this talk, it is not going to be easy to cut the Federal budget. It is not going to be easy at all to balance this budget. It is going to require bigger cuts in expenditures than anyone has heretofore contemplated. And as we proceed, if we proceed, I hope we will have not only a suggestion from the proponents of the amendment as to how they would balance the budget, but I think also those who oppose it might raise specific questions of how they would reduce the budget deficit. I believe that reducing the budget deficit is an imperative, second only to getting growth started in our economy. That is a big debate. What comes first, growth or deficit, savings or investment? I think you have to first get growth; second, reduce the deficit, and reducing the deficit has the potential of improving the prospects for growth. It requires some tough choices.

Mr. President, to go back to the cautionary tale, we are living in a time when the grasshopper and the ant continue to look at each other across the great divide. The grasshopper says to the ant, the ant that has worked all through summer and put food away for the winter, "Please, please, Mr. Ant, let me come into your warm home in the winter."

And the ant says to the grasshopper, "What did you do all summer?"

"I made sweet music."

"If you make sweet music in the summer, you die in the winter, and you are on your own."

More and more are we saying that. And more and more have we acted as the grasshopper and not the ant. Less and less have we thought of tomorrow. As I hope the last hour and a half has made abundantly clear, less and less have we thought of tomorrow with regard to our urban centers, with regard to our children. It is about time we start thinking of tomorrow and tell the truth to the American people.

I yield the floor.

REPLY TO SENATORS LEAHY AND BRADLEY

Mr. HATCH. Mr. President, I would like to take this time to briefly respond to certain contentions made by Senators LEAHY and BRADLEY regarding the balanced budget amendment. These contentions fall into several categories: First, that the balanced budget amendment does absolutely nothing to balance the budget; it is an unenforceable gimmick; second, that the deficit is the result of the Reagan administration; third, that President Clinton's deficit program effectively deals with the deficit program; and fourth, that the balanced budget amendment is the largest Federal unfunded mandate program to date and will be ruinous to the States because it forces the States to assume the cost of Federal social spending programs. Each of these contentions are either false or widely exaggerated.

BALANCED BUDGET AMENDMENT IS ENFORCEABLE

Senator LEAHY's assertion that the amendment is an unenforceable gimmick that does nothing to balance the budget, is both wrong and misleading. Of course, the amendment does not balance the budget by itself. But neither does the first amendment protect free speech nor the free exercise of religion by itself. The balanced budget amendment, similar to most of the Constitution, establishes a process, a mechanism to effectuate governmental power and obligations. The amendment establishes a limitation on Congress' taxing, spending, and borrowing power that furthers the goal of a balanced budget.

Moreover, the notion advanced by opponents of the balanced budget amendment that it is a paper tiger—that Congress will flout its constitutional authority to balance the budget—is simply wrong. First, the amendment has sharp teeth. It is self-enforcing. Because, historically, it has been easier for Congress to raise the debt ceiling, rather than reduce spending or raise taxes, the primary enforcement mechanism of House Joint Resolution 1 is section 2, which requires a three-fifths vote to increase the debt ceiling. This provision is a steel curtain that will shield the American public from an all ill-disciplined and profligate Congress.

Furthermore, Members of Congress overwhelmingly conform their actions to constitutional precepts out of fidelity to the Constitution itself. We are bound by article VI of the Constitution to "support this Constitution." I fully expect fidelity by Members of Congress to the oath to uphold the Constitution. Honoring this pledge requires respecting the provisions of the proposed amendment. Flagrant disregard of the proposed amendment's clear and simple provisions would constitute nothing less than a betrayal of the public trust. In their campaigns for reelection, elected officials who flout their responsibilities under this amendment will find that the political process will provide the ultimate enforcement mechanism.

WHOSE FAULT IS THE DEFICIT

Both Senators LEAHY and BRADLEY claim that the current deficit is the work of the Republicans—particularly former President Ronald Reagan. They claim it was the massive defense buildup of the 1980's along with the Reagan tax cuts that led to the present day deficits. In President Reagan's words, "Well, there they go again."

In reality, one thing and one thing only has led to our massive deficits, Congress' voracious appetite to spend and spend. During the 1980's, the Reagan tax cuts stimulated the economy and led to the largest peace time boom in American history. About 20 million new jobs were created and revenue increased by about \$1 trillion. The problem was that Congress, whose constitutional authority it is to oversee and legislate the budget, spent \$1.4 trillion.

In fact, it really doesn't matter whose fault it is. This is a bipartisan problem with fault enough for both sides of the aisle. Let's stop pointing fingers and work together.

Senator BRADLEY, who presented a very detailed and erudite exegesis of the budget process—I wish more of my colleagues were present on the floor to see it—hit the nail on the head when he stated that the real problems of the budget shortfalls is the mammoth growth in entitlement spending and payments on interest on the debt. He even seemed at times to make a case for passage and ratification of the amendment since he must concede that Congress, without a balanced budget amendment, has been wholly ineffective in resolving the budgetary crisis.

Furthermore, both Senators proudly point to President Clinton's deficit reduction plan as some kind of solution to the deficit problem. But they neglected to mention one simple thing—that after a small drop in the deficit for the first few years of the plan—the deficit continues to rise, surpassing \$200 billion in 1996, reaching the record level of \$297 billion in 2001, and topping \$421 billion in 2005. Even the President's new budget plan fails to resolve the deficit problem as it averages about \$200 billion deficits for each year of the budget plan.

BALANCED BUDGET AMENDMENT AS AN UNFUNDED MANDATE

Finally, both Senators LEAHY and BRADLEY contend that passage and ratification of the balanced budget amendment will act as an enormous fiscally crushing Federal unfunded mandate, forcing the States to assume responsibilities for social spending that the Federal Government has shouldered for years. This statement is the mother of exaggerations. First of all, it does not take into account that many of these Federal programs come with inflexible bureaucratic strings attached and oftentimes hamper localities resolve economic and social problems. Indeed, many Governors, including Governors Wilson of California, Allen of Virginia, Whitman of New Jersey, and my own Governor, Governor Leavitt of Utah, have publicly stated that they will gladly take the decrease in Federal proceeds due to a Federal balanced budget for control over how moneys are spent in States and localities. I truly believe that the States and localities will be far more efficacious in how money is spent without Big Brother Federal Government looking over their shoulder.

Of course, passage and ratification of the balanced budget amendment will require sacrifices, sacrifices from all of us. But the returns on a balanced budget are enormous—increased economic growth and more and better jobs. Indeed, as Senator SIMON often cites, GAO estimates that a balanced budget in the late 1990's will result in a 33-percent increase in the standard of living in about 10 years. I bet Senators LEAHY

and BRADLEY did not take this into account.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER (Mr. ABRAHAM). The Senator from Iowa.

THE PRESIDENT'S FISCAL YEAR 1996 BUDGET

Mr. GRASSLEY. Mr. President, the issue of constitutional amendment for a balanced budget that has been before us for a week and probably will be before this body for several more days before we make a final decision has had the debate on that issue intertwined pretty much with the present budget situation and even lately with the budget that the President has presented to this specific Congress.

The President's budget of yesterday reflects an abdication of leadership. It fails not only to put the budget on a glidepath toward balance, it also fails to seek even the President's own goal and promise to the American people. That promise, if you remember, Mr. President, was as stated in the 1992 campaign that the deficit would be cut in half by the 1996 election. That will not be the case under the budget that the President has presented to Congress.

So I am overcome by the farcical vision of how this budget must have been sent up here to Capitol Hill. Members of the President's team lined up on Pennsylvania Avenue and punted. They punted copies of that budget up here one by one.

On January 24, after the President's State of the Union Address, I had occasion to remark when I was asked about his address that it seemed that the President was very willing to accept the leadership of Congress and to follow our agenda because he recognized the outcome of the election. That election gave Republicans the responsibility to lead. Today, through his actions, the President confirmed my suspicion and submitted a budget that says, "Let Congress make the tough choices. Let Congress lead."

According to reports, several of the President's high-level advisers counseled that, since the administration has failed to get credit from previous deficit reductions, there is little wisdom in trying to cut more. I hope that this is not the case. For, if it were true, there would be no clearer signal of the absence of leadership from this administration.

Just last month administration officials were boasting about their achievements on the deficit front. They were bemoaning the fact that the message of what they supposedly have cut and accomplished on the deficit scene was not getting out.

So why are they now abandoning what they consider a virtuous policy instead of working to get that message out, if they want to be viewed with any sort of credibility? Because in my estimation, in abandoning their goal of more deficits, the administration has

also abandoned its promise to the American people and, as a consequence, the President has lost all moral authority to lead.

Clearly, this President has chosen to play defense; that is, after the punting of the budget to us, they are now saying "You"—meaning Republicans—"call the plays, now. It is your turn with the ball and let us see if you can do any better." We have heard that for a long period of time and just this morning on the floor of this body.

I believe that Congress can do better. For the sake of our children and grandchildren, we can and must do better. The President has followed the lead of the American people who spoke in November. Thus he has passed the mantle of leadership on to us.

With that leadership, the Republican Congress has already delivered on making Congress more accountable to the public and State governments, and now we will work toward making Congress more accountable to our children and grandchildren.

BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

The Senate continued with the consideration of the joint resolution.

THE DASCHLE AMENDMENT TO THE BALANCED BUDGET AMENDMENT

Mr. GRASSLEY. Mr. President, what the 104th Congress is all about is ending business as usual in Washington. We started out by passing the bill that Senator LIEBERMAN and I introduced to make Congress live by the same laws it passes for everyone else. Then we passed a bill to restrict unfunded mandates.

These proposals represent a change from business as usual. The voters last November demanded a change in business as usual in Washington. And this Congress has delivered. And I am confident that we will continue to deliver.

One of the changes the American people wanted is a balanced budget amendment. They are tired of Congress coming up with clever rhetoric that has defeated this amendment over the years. Now, those same critics want us to spell out on an account by account basis the receipts and outlays for fiscal years 1996 to 2002. The proposal is yet another rhetorical trick designed to let big spenders defeat the balanced budget amendment by people who want no fiscal discipline.

The proposal represents a last gasp by the old guard to continue business as usual. For them, business as usual means a continually expanding Federal Government. The voters have spoken, and the business-as-usual crowd refuses to listen. That is not what representative government and democracy is all about.

We all know that a balanced budget is achievable. I know that our respected colleague Senator DOMENICI, chairman of the Budget Committee on which I serve, is working on a variety of fiscal strategies to show that it can

be done—without touching Social Security. The numbers are clear.

We can limit spending growth to over 2 percent and reach a balanced budget, again without touching Social Security. Under current fiscal policy, Federal spending in fiscal 2002 will be 44 percent higher than this year if we do nothing. By holding growth to 22 percent, Republicans can balance the budget without cutting Social Security or raising taxes. Federal spending will increase under either approach.

But by how much? That is the question. Many of the supporters of this right-to-know amendment think Government spending must double by 2002. Supporters of the balanced budget amendment think Government can get by on approximately \$260 billion more than we are currently spending, but half of what other people think we should spend.

I say that is enough money, taking inflation into account, to balance the budget while still allowing programs to grow. The argument has been made by my colleagues that, in 1993, Congress and the President acted honestly and forthrightly in enacting the fiscal 1994 budget. They say specific cuts and tax increases were spelled out to bring us toward a reduced budget deficit. Now opponents say supporters of this constitutional amendment have a similar obligation to spell out our plan. But the premise of the argument is invalid and the conclusions do not follow.

The 1993 tax bill raised taxes, and it had very few spending cuts. I doubt that anybody outside of the beltway can name a single real cut. The whole premise of the tax bill that the deficit would be cut was fallacious. The President's own budget predicts \$200 billion in budget deficits for the next 5 years if we do nothing. Notwithstanding the 1993 tax bill, the President still projects deficits as high as an elephant's eye.

And so the debt still continues to grow clear up to the sky. The so-called honesty in budgeting of 1993 is a very slender reed on which to base a so-called right-to-know amendment.

In addition to serving on the Budget Committee, I also serve on the Judiciary Committee and I am concerned that the Democratic leader's amendment—another amendment before our body—will be beyond the intent of the Constitution. It says that the amendment shall not take effect until Congress passes a budget reconciliation act.

But article V of the Constitution—that is, the amending article—provides that when both Houses of Congress pass a proposed constitutional amendment, it "shall be valid to all intents and purposes, as a part of this Constitution, when ratified by the legislatures of three-fourths of the several States, or by conventions in three-fourths thereof, as the one or the other mode of ratification may be proposed by the Congress." But the proposal before us would not allow the amendment to be